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## FISCAL IMPACT REPORT

SPONSOR: Rodella DATE TYPED: 03/03/03 HB 776

SHORT TITLE: Cumbres & Toltec Railroad Operations SB \_\_\_\_\_

ANALYST: Padilla

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$600.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Senate Bill 32

Also relates to House Capital Outlay Requests 218 and 1250

Duplicates Appropriation in Senate Bill 655

Relates to Appropriations in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration

### SUMMARY

#### Synopsis of Bill

House Bill 776 appropriates \$600.0 from the general fund to the Cumbres and Toltec Scenic Railroad Commission to cover operating costs of the Cumbres and Toltec Scenic Railroad.

#### Significant Issues

The Cumbres and Toltec Scenic Railroad Commission is an interstate agency of New Mexico and Colorado. The commission comprises four members, two from New Mexico and two from Colorado. The commission is not compensated, except for per diem and mileage for the New Mexico members. A paid executive director administers the commission's affairs. The railroad is operated by a contractor. Over its more than 30-year history, four different firms under contract to the commission have operated the railroad. The current contract requires that the operator be responsible for all operational expenses while the commission is responsible for all capital

improvements.

A 2003 LFC analysis estimated the monthly operating budget of the Cumbres and Toltec Scenic Railroad Commission at \$30.0, or \$360.0 per year. The appropriation in this bill, plus a \$100.0 appropriation included in the GAA for Cumbres and Toltec operating costs, total \$700.0, or more than twice the LFC estimate. An appropriation of \$600.0 for operating costs is also included in Senate Bill 655.

### **FISCAL IMPLICATIONS**

The appropriation of \$600.0 contained in this bill is a recurring expense to the general fund as the appropriation is intended to cover ongoing operational costs. Any unexpended or unencumbered balance remaining at the end of fiscal year 2004 shall revert to the general fund.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Senate Bill 655 (Supplemental General Appropriations Act) contains a \$600.0 general fund appropriation to DFA for Cumbres and Toltec operating costs.

The General Appropriations Act also contains a general fund appropriation to DFA of \$100.0 for Cumbres and Toltec operating costs.

Senate Bill 32 appropriates \$1.6 million from the general fund for Cumbres and Toltec repair and maintenance.

House Capital Outlay request 218 asks for \$1.6 million for Cumbres and Toltec capital costs. House Capital Outlay request 1250 asks for a total of \$1.4 million for Cumbres and Toltec capital costs, contingent upon an equal match from the State of Colorado.

### **OTHER SUBSTANTIVE ISSUES**

The railroad faces serious needs for capital improvements. Recent information submitted to the LFC indicates that at least three of the railroad's six locomotives are needed to start the 2003 season. It will cost approximately between \$500.0 and \$600.0 each to upgrade the locomotives and to comply with Federal Railroad Administration regulations

The railroad generates significant economic activity for Rio Arriba County. It attracts 55,000 to 70,000 tourists annually and employs 20 full-time and 50 part-time employees, with a payroll of more than \$1.5 million. The railroad is a principal source of tourism revenue in northern New Mexico, particularly in Chama. A confluence of financial, operational and unforeseen problems and a backlog of deferred maintenance and serious infrastructure needs threaten the successful operation of the railroad.

### **SUGGESTED AMENDMENTS**

Add contingency language to ensure equivalent funding from the State of Colorado. DFA notes that appropriations made by New Mexico to the railroad are traditionally matched by a similar appropriation from the State of Colorado and that contingency language would help ensure this match.

**POSSIBLE QUESTIONS**

1. What are the current operating costs of the Cumbres and Toltec Scenic Railroad Commission?
2. Is the appropriation in this bill intended to cover operating costs of the commission only, or also operating costs of the railroad itself? Isn't the contractor supposed to cover operating costs or the railroad?
3. Should the state expect to fund these types of operating costs as long as the railroad is in operation?

**LP/yr**